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DEPARTMENT OF STATE
BUREAU OF INTER-AMERICAN AFFAIRS
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FROM: Guatemala City

TO: Secretary of State

NO: 308, February 9, 5 p.m.

Yesterday in my first conversation with Guatemalan Foreign Minister Toriello, he gave assurances regarding fair treatment for US newspapermen and priests and advanced idea for appointing neutral commission to report on relations between Guatemalan Government and major American companies here.

In reply to my inquiry regarding Guatemalan policy towards newspapermen following expulsion Gruson and Bannell (EMBTEL 288 February 2), Toriello said correspondents would be freely admitted and allowed to exercise profession so long as they did not slander "high government personalities". He pointed to clipping of Gruson article inferring Arbenz was prisoner of Communists as example.

Touching on expulsion of Father Sebastian (EMBTEL 296 February 3), Toriello stressed legality of government's action but said he approved of work of American priests here and was studying Papal Nuncio plans for regularizing status of those whose residence permits had expired. He intimated priests would be required leave Guatemala for few days and he would authorize issuance new visas; they would be welcome so long as they obeyed laws and did not mix in politics.

Toriello said he favored Guatemalan attendance at Caracas Conference but President had not yet made formal decision. He anticipated decision this week and added he expected to head delegation if one was sent.

As talk neared end, Toriello said he had made suggestion to President Eisenhower which he hoped I would help to carry forward. This was that a neutral commission be appointed to investigate whether contracts between American companies and Guatemalan Government were in line with modern concepts of such relationships and whether companies were making adequate contribution to government and national economy. He said the President had received idea favorably and that Arbenz had subsequently approved it. I said I would inform Department of his proposal.

As I was

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As I was leaving, Toriello handed me a note which protested Department's press release of January 30 re Guatemalan statements inferentially implicating US in plot against Guatemalan Government. Note advanced same arguments as Guatemalan declaration of February 6 (EMBDES 679 February 8).

Text by mail.

PEURIFOY

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